



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

February 22, 2006

Governing Board
Bagdad Unified School District No. 20
P.O. Box 427
Bagdad, AZ 86321-0427

Members of the Board:

School districts with an adopted expenditure budget of \$2 million or more for the Maintenance and Operation Fund must have an annual financial statement audit and submit the related audit reports to our Office within 9 months of fiscal year-end. At the same time, the District's auditors must prepare and submit a Uniform System of Financial Records (USFR) Compliance Questionnaire.

It has come to our attention that the District revised its original adopted expenditure budget, thereby exceeding the \$2 million audit threshold. The District's reports and questionnaire for the year ended June 30, 2004, were due by March 31, 2005; however, we have not received them. Consequently, the District has not complied with the USFR and state law in regard to report submission.

If the District does not submit the reports and questionnaire within 90 days of the date of this letter, we will notify the Arizona State Board of Education of the District's noncompliance and request that appropriate action be taken as prescribed by Arizona Revised Statutes §15-272. In addition, the District's audit reports and questionnaire for the year ended June 30, 2005, are due by March 31, 2006.

If you have questions about this letter or the action the District must take, please call me at (602) 553-0333.

Sincerely,

Gregory R. Rickert, CPA
Accounting Services Manager

cc: Mr. Marvin Smith, Superintendent
Bagdad Unified School District No. 20
The Honorable Tim Carter, Yavapai County School Superintendent
Ms. Vicki G. Salazar, Associate Superintendent of Financial Services
Arizona Department of Education